

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7633

BILL NUMBER: HB 1488

NOTE PREPARED: Feb 23, 2007

BILL AMENDED: Feb 23, 2007

SUBJECT: Worker's Compensation.

FIRST AUTHOR: Rep. Cheney

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
☒ **FEDERAL**

IMPACT: State & Local

Summary of Legislation: This bill increases worker's compensation and occupational disease benefits. It increases compensation for permanent partial impairment.

Effective Date: July 1, 2007.

Explanation of State Expenditures: The bill increases the award for disability based on the degree of impairment.

| | FY 2009 | | FY 2010 | | FY 2011 | |
|---------|---------|----------|---------|----------|---------|----------|
| Degree | Current | Proposed | Current | Proposed | Current | Proposed |
| 1-10 | 1,365 | 1,365 | 1,380 | 1,380 | 1,400 | 1,400 |
| 11-35 | 1,570 | 1,570 | 1,585 | 1,585 | 1,600 | 1,600 |
| 36-50 | 2,525 | 2,725 | 2,600 | 2,800 | 2,700 | 2,900 |
| Over 50 | 3,200 | 3,700 | 3,300 | 3,800 | 3,500 | 4,000 |

The percentage increase in the degree of impairment awards is for degree of impairment over 36%. The increase is about 7.5% annually for the 36-50% and 15% annually for the over-50% category.

The bill also increases the average weekly wage used in the determination of compensation for permanent partial impairment from \$975 to \$1,007 for FY 2011.

The bill increases the maximum award from \$325,000 to \$335,613 for FY 2011.

It is difficult to determine the potential cost of these changes. An actuarial analysis of these changes will be performed by the National Council on Compensation Insurance (NCCI). [*Note:* The results of the actuarial analysis are not currently available. The note will be updated when NCCI finishes their analysis.]

According to the Indiana Compensation Rating Bureau, premiums decreased by 3.2% for 2007, increased 2.2% for 2006, and increased by 3.2% for 2005. Premiums for worker's compensation for 2005 were about \$829 M.

The impact on the state would be as a self-insured employer. For FY 2006, the state paid about \$2.3 M in worker's compensation benefits, \$2.7 M in FY 2005, and \$2.5 M in FY 2004.

Explanation of State Revenues:

Explanation of Local Expenditures: See *Explanation of State Expenditures*.

Explanation of Local Revenues:

State Agencies Affected: All.

Local Agencies Affected: All.

Information Sources:

Fiscal Analyst: Chuck Mayfield, 317-232-4825.